

# R.J. REYNOLDS

Tobacco Company

February 21, 1997

DAVID W. KEENEY  
Key Account Manager

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Mr. Edward Kelley, Sr. VP Merch.  
Eckerd Drug  
8333 Bryan Dairy Road  
Largo, FL 34647

Dear Ed,

Let me start by introducing myself as the Representative from R.J. Reynolds Tobacco Co. that has called on Fay's Drug in Syracuse, New York since April of 1996.

I am writing to you in regard to the attached presentation which proposes a merchandising contract between RJR and Fay's for 1997. The presentation was initially given to Fay's Buyer, Arnie Ross, and approved by Sr. Buyer, Joe Macro. It was then forwarded to Thrift Drug headquarters for approval, prior to the announcement that Eckerd management would be taking control.

The presentation was then forwarded to my counterpart in Florida, Linda Forrey. Linda met with a Mr. Shane Pike of your company on February 6, 1997. Upon reviewing the presentation, Mr. Pike stated there would be no "Micro Contracts" entertained at this time.

I am writing to you per the urging of Mr. Macro. He feels, as do I, that a great deal of revenue is at stake, not just in RDA monies, but in potential lost cigarette volume dollars.

In addition, you may or may not know that our Retail Program does have direct impact on the payout of our Semi-Annual Wholesale Partners Program. A conservative estimate of lost revenue under this program would be \$27,000.00. This would be the difference between .03¢ and .17¢ per carton paid on every carton of RJR product purchased for the period of January through June 1997.

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Mr. Edward Kelley  
February 21, 1997  
Page 2

We are eager to ensure your complete understanding of the proposed Retail Contract, and its association to the Wholesale Partners Program that is currently in effect for Fay's Drug. If you so choose, this can easily be accomplished by contacting our Key Account Manager, Linda Forrey at (813) 885-5607 to schedule a meeting.

In advance, thank you for your time and consideration of this valuable partnership.

Sincerely,

Dave W. Keeney  
Key Account Manager

DWK/jb  
Enc.

cc: Mr. Shane Pike - Eckerd Drug - w/o attachment  
Ms. L.L. Forrey - RJR - w/o attachment  
Mr. B.J. Roth - RJR - w/o attachment

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